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FROM: Kika de la Garza

Washington, D C -- As Farmers Home Administration designated emergency loan counties, every county in the 15th Congressional District is eligible for an added benefit under a principal cancellation on emergency loans, Rep de la Garza said today.

The South Texan asked the U S Department of Agriculture for clarification on the benefits from PL 92-385, reducing interest rates on disaster loans.

Rep de la Garza said the best way to present the information for interested 15th District residents was to quote entirely from the USDA letter:

"Public Law 92-385 provides for an added benefit in the form of a principal cancellation on Emergency loans made in counties designated by the Secretary of Agriculture or in counties named by the Office of Emergency Preparedness after a major disaster declaration by the President. The amount of such cancellation is based on qualifying property or crop losses not covered by insurance or otherwise but not to exceed \$5,000. A borrower may receive a separate cancellation in connection with loans based on different disasters.

"In cases where the total loan will be cancelled at the same time it is made, the borrower is not required to sign a note or give security.

"In cases where the loan balance after cancellation does not exceed \$1,500 the loan may be evidenced by a promissory note only.

"In cases where the loan balance after cancellation exceeds \$1,500 the borrower is required to sign a promissory note and to give security for protection of the Government's interest. Security requirements for such loans are as follows:

"Amounts loaned for annual operating and living expenses are secured by first liens on crops and livestock or livestock products produced with loan funds, and the best lien obtainable on farm equipment and livestock having security value. Amounts loaned for the purchase of farm equipment and livestock are secured by a first lien on the purchased items and the best lien obtainable on other farm equipment and livestock owned by the applicant. Amounts loaned for real estate purposes are secured by a lien on farm real estate in which the applicant has an equity of not less than the amount being loaned. Amounts loaned for other than real estate purposes will be secured additionally by the best lien obtainable on farm real estate for large loans and for any loan when necessary to provide adequate security."

The South Texan said he supported the law and he will be happy to secure for anybody any additional information required in connection with specific instances -- which information should be available at all the county FHA offices in the 15th Congressional District.